

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:563
ANSWERED ON:18.11.2016
Gap between WPI and Market Prices
Giluwa Shri Laxman

Will the Minister of FINANCE be pleased to state:

- (a) whether there is a huge gap between the inflation index, measured by the Reserve Bank of India (RBI) on the basis of Wholesale Price Index (WPI) and the prevailing market prices in the country;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the said index of RBI reflects fall in inflation but increase in market prices; and
- (d) if so, the details thereof and the reasons therefor along with the reaction of the Government to rectify?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) to (d) The Reserve Bank of India (RBI) does not compile Wholesale Price Index (WPI). WPI is compiled and released by the Department of Industrial Policy and Promotion. The perceived gap between WPI based inflation and the market prices is mainly because WPI measures change in the average prices of commodities traded at wholesale level only. It does not reflect the change in prices at the retail level. The changes at the retail level are captured by the Consumer Price Index (CPI) compiled by Central Statistics Office (CSO).
